



NATIONAL CONGRESS OF AMERICAN INDIANS

TESTIMONY OF THE NATIONAL CONGRESS OF AMERICAN INDIANS FY 2005 APPROPRIATIONS

SUBCOMMITTEE ON INTERIOR APPROPRIATIONS
APRIL 2, 2004

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On behalf of the more than 250 member tribal nations of the National Congress of American Indians, we are pleased to present testimony on FY 2005 appropriations for the Bureau of Indian Affairs and Indian Health Service.

On February 2, President Bush proposed a \$2.4 trillion budget for FY 2005 that included level funding and numerous decreases for Indian programs, continuing the trend of consistent declines in federal per capita spending for Indians compared to per capita expenditures for the population at large.

We are deeply disappointed that this budget does not reflect leadership by this Administration to take on the "Quiet Crisis" which has resulted from underfunding of federal Indian Programs according to a 2003 report of the bipartisan U.S. Civil Rights Commission. While we recognize that this budget reflects fiscal belt-tightening across the board, we believe this quiet crisis should be a national priority to address—certainly as worthy of focus as programs such as sending a manned mission to Mars which this Administration has prioritized instead. We hope that Congress will work with tribes to see this priority better reflected in the budget process.

The Administration's proposed budget does not reflect the priorities of Indian Country to fully fund Indian health care, Tribal Priority Allocations, contract support, school facilities, and services at the local level. These priorities have been laid forth by the BIA/Tribal Budget Advisory Council, as well as by tribal leaders in budget consultations with IHS and other agencies. We ask that these recommendations be taken more closely to heart as the FY05 budget advances.

BUREAU OF INDIAN AFFAIRS/OFFICE OF SPECIAL TRUSTEE

The BIA budget request for FY 2005 is \$2.3 billion, a drop of \$52 million from the 2004 enacted level. In the BIA budget, the costs of OST-BIA reorganization are effectively punishing tribes for the Department's own trust mismanagement—a double injury to individual and tribal trustees hurt by this mismanagement. With continuing focus on a reorganization plan that NCAI and numerous tribes have opposed, the 2005 BIA budget proposes a net increase of \$42 million in trust-related programs, and cuts to other programs to offset trust increases that result in a de facto decrease in critical tribal funding within BIA of over \$100 million. Other key areas of the BIA budget, such as Tribal Priority Allocations and initiatives that support education and economic development, remain deeply under-funded.

Tribal Priority Allocations (TPA). TPA funding is the main source of tribal resources to provide governmental services at the local level for most tribes. Funding for this account supports ongoing services at the local tribal level for such critical needs as housing, education, natural resource management, and tribal government services. Since tribes have flexibility to use TPA funds to meet the unique needs of their individual communities, these funds are an essential resource for tribes to exercise their powers of self-governance. This account, key to tribal self-determination, has been deeply underfunded for years. According to a 2003 report by the U.S. Commission on Civil Rights, the percentage of BIA funds provided to TPA has steadily dwindled since 1998. Between FY 1998 and FY 2003, TPA spending power has decreased by \$36.5 million or 4.4 percent. Unfortunately, the proposed FY 2005 budget fails to even address inflationary costs, with only a \$5 million increase requested for this key account. NCAI recommends at least a 5 percent increase in TPA for FY 2005 to address inflationary cost increases, a total increase of \$35 million over the FY 2004 enacted level.

According to the U.S. Census Bureau's *Poverty in the United States: 2001*, 31.2% of reservation inhabitants live in poverty, 2.7 times higher than the national poverty rate. Likewise, unemployment for American Indians averages 43%--twice the rate during the Great Depression--compared to the national rate of 5.5%. Simply put, tribal governments simply cannot continue to provide essential government services to our growing – and disproportionately poor – population without a substantial increase in our TPA funds.

Self-Determination Pay Cost Increases. NCAI recommends that 638 Pay Costs be restored to full funding for tribes in the FY 2005 Interior Appropriations budget. In the past, the 638 Pay Cost account has matched what the Administration and Congress provide for federal workers employed by federal agencies each year. But tribes received only 15% of their 638 Pay Cost funding in FY 2003 and about 30% in FY 2004. As a result of these decreases, tribes' core service funding is effectively rendered far less than nearly a decade ago. This underfunding seriously undermines tribes' ability to provide critical services promoting the public safety, security, and well being of communities already suffering some of the worst living standards in America. Some federal agencies may be able to absorb such an onslaught of cuts, but tribes—wrestling with well-documented funding shortfalls to begin with—cannot. The Pay Cost disparity between federal and tribal employees seriously undermines the federal Indian policy of self-determination and self-governance.

Office of Special Trustee. The budget request includes a significant initiative to increase funding for trust management within the BIA and the Office of Special Trustee. The request included a significant increase of \$53.3 million to the Indian Land Consolidation account, a welcome increase to an area supported by NCAI and tribes as vital to long-term trust management reforms. However, \$109 million would be directed toward a historical accounting without mutually acceptable parameters established on how to undertake this extraordinary complex task. The Office of Special Trustee would receive a \$113.6 million increase – to \$322.7 million – which is partially offset by a \$63 million cut to BIA Construction and a \$13.5 million cut to BIA Other Recurring Programs. Within BIA Construction accounts, Education Construction will lose \$65.9 million—despite a terrible backlog of new school construction needs that everyone agrees must be taken care of promptly.

Tribal leaders have repeatedly emphasized that funding needed to correct problems and inefficiencies in DOI trust management must not come from existing BIA programs or administrative monies—yet once again, this year’s budget request reduces effective funding for tribes to fund a reorganization that tribes have opposed. It is critical that the Department request additional funding from Congress to correct the internal problems created through their administrative mistakes rather than depleting existing, insufficient BIA program dollars for these purposes.

Contract Support Costs (CSC). Contract Support Cost (CSC) funds are the key to self-determination for tribes—these funds ensure that tribes have the resources that any contractor would require to successfully manage decentralized programs. The President requested a \$2 million reduction in funding for contract support costs, down to a proposed level of \$133.3 million from the FY 2004 request of \$135.3 million. An additional \$25 million is needed in BIA to fully fund CSC (excluding direct contract support costs). This shortfall continues to penalize tribes that elect to operate BIA and IHS programs under the self-determination policy. Additional CSC appropriations are needed to implement the self-determination and self-governance policy as supported by Congress.

School Operations. NCAI and the U.S. Civil Rights Commission have called for badly needed increases to funding for BIA School Operations—but rather than addressing the tremendous need that exists for classroom dollars, transportation, and contract support for tribally operated schools, this critical account would be decreased under the proposed budget to \$522.4 million, down \$6 million from the enacted amount in FY 2004.

Proposed funding for Administrative Cost Grants--the equivalent of contract support for tribally operated schools--not only fails to come close to addressing the drastic shortfalls faced in this account, but would actually be *cut*. Despite current funding that is approximately 70% of the formula required by law for essential Administrative Cost Grants that support sound management of tribally-operated schools the President’s budget would cut funding for this critical line item by \$3.8 million to \$45.3 million for FY 2005.

With the added burden of implementing the requirements of the No Child Left Behind Act, additional funding for ISEP is absolutely critical to the continuing function of BIA schools. NCAI also remains deeply concerned about the impact of OIEP’s consolidation of line officers on BIA school functions.

INDIAN HEALTH SERVICE

The FY 2005 funding request for the Indian Health Service marks a rise of \$45 million over the FY 2004 enacted level—but falls far short of addressing the overall growth in population and rapidly increasing medical costs which have resulted in expanded unmet needs in Indian Country. The HHS discretionary budget has increased at a much faster rate than the total IHS budget since 1975, despite estimates that between 1998 and 2003, the service population of IHS has increased at least 11.5 percent and industry experts estimate that medical costs have grown 10 to 12 percent annually.

Proposed funding for Indian health care facilities construction would be cut by more than half under the proposal, down from \$94 million enacted in FY 2004 to \$42 million requested in FY 2005. Funding for Maintenance and Improvement as well as Medical Equipment for Indian health facilities would receive level funding in the proposed budget. Yet IHS facilities have an average age of 32 years and medical equipment is used for twice the normal life span in IHS facilities as compared to general facilities.

According to the National Indian Health Board, in 2001, there was a \$900 million backlog in unmet needs for health facilities, impeding Indian access to care and contributing to the degenerating health conditions in Indian Country. About a quarter of IHS' budget for Clinical Services is dedicated to contracted care. The amount required to meet the needs of the Contract Health Service programs in Indian Country is estimated to be \$1 billion, but the request for Contract Health Services would provide only \$497 million for FY 2005, less than half the amount needed to run the program. NCAI recommends an increase to Contract Health Services of \$120 million in FY 2005.

Despite slight increases, IHS' real spending per American Indian has fallen over time, after adjusting for inflation and population growth. The IHS spends roughly \$1900 per person per year on comprehensive health services, far below expenditures per person by public and private health insurance plans, and 50 percent of what is spent for health care for *federal prisoners*. Even when IHS non-medical expenditures per person are accounted for, IHS spends less on its service users than the government spends on any other group receiving public health care.

While important gains have been made in funding for diabetes prevention and treatment efforts, progress toward the goal of eliminating health disparities for American Indians and Alaska Natives will require coordinated, concerted efforts—and increases across the board in the IHS budget.

CONCLUSION

NCAI realizes Congress must make difficult budget choices this year. As elected officials, tribal leaders certainly understand the competing priorities that you must weigh over the coming months. However, the federal government's solemn responsibility to address the serious needs facing Indian Country remains unchanged, whatever the economic climate and competing priorities may be. We at NCAI urge you to make a strong, across-the-board commitment to meeting the federal trust obligation by fully funding those programs that are vital to the creation of vibrant Indian Nations. Such a commitment, coupled with continued efforts to strengthen tribal governments and to clarify the government-to-government relationship, truly will make a difference in helping us to create stable, diversified, and healthy economies in Indian Country.